

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

FINANCIAL REPORT

June 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/27/10

HILL, INZINA & COMPANY

Certified Public Accountants • A Professional Corporation
701 East Madison Avenue • Bastrop, Louisiana 71220
Telephone 318-281-4492 • Fax 318-281-4087 • E-mail hillinzina@bellsouth.net

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HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Morehouse Parish Sheriff
Bastrop, Louisiana

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Morehouse Parish Sheriff (the "Sheriff"), as of and for the year ended June 30, 2009, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Sheriff's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements referred to above do not include the Inmate Commissary Agency Fund, which should be included in order to conform with accounting principles generally accepted in the United States of America. If the omitted fund had been included, the fiduciary fund type - agency fund's assets and liabilities would have increased by approximately \$86,300, respectively.

In our opinion, except for the effect on the financial statements of the omission described in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Sheriff as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2009 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheriff's basic financial statements. Management's discussion and analysis and the budgetary comparison schedules, presented as required supplementary information, and the schedule of current insurance, presented as other supplementary information, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America and a mortgagor, respectfully. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the information. However, we did not audit the information and express no opinion on it. The other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Except for the schedule of current insurance, the other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/Hill, Inzina & Co.

December 21, 2009

REQUIRED SUPPLEMENTARY INFORMATION (Part 1 of 2)

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of Morehouse Parish Sheriff's (the "Sheriff") annual financial report, the Sheriff's management is pleased to provide this narrative discussion and analysis of the financial activities of the Sheriff for the fiscal year ended June 30, 2009. The Sheriff's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Overview of the Financial Statements

This management's discussion and analysis document introduces the Sheriff's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. The notes will relate directly to individual financial statements and serve as the written explanation for same. The Sheriff also includes in this report budgetary comparison schedules which are required supplementary information. Also included as other supplementary information is a combining balance sheet for fiduciary funds, a combining schedule of changes in unsettled balances due to taxing bodies and others, and a schedule of insurance.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with an overview of the Sheriff's finances in a way similar to what a private sector business would do. The two basic financial statements used in this area are the statement of net assets and the statement of activities.

The statement of net assets provides the reader with an overall picture of the Sheriff's assets and liabilities, with the difference between the being total net assets. This will show the financial performance from year to year of the Sheriff.

The statement of activities breaks down how net assets changed during the year. It gives a broad view of expenses and revenues and shows a beginning and ending net asset amount. This statement provides a gauge of how well the finances performed during the year.

Fund Financial Statements

A fund is a group of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Sheriff uses these funds to ensure compliance with finance related laws and regulations. These statements focus on and separate the most significant funds rather than just showing everything as one unit.

Governmental funds are used to show the same functions reported as governmental activities in the government-wide financial statements. These funds are used by the Sheriff to conduct its day-to-day activities or in simpler terms, they are what funds the “business”. By using the balance sheet and the statement of revenues, expenditures, and changes in fund balances, the Sheriff is able to review financial performance and plan for short and long term activities.

The two governmental funds of the Sheriff are the General Fund and the Corrections Fund. The General Fund accounts for the daily operations of the administrative staff, civil office, patrol, communications, and investigations. The Corrections Fund accounts for the daily operations of the jail and detention center and provides an annual appropriation to the General Fund. The Sheriff adopts an annual budget for both of these funds.

Fiduciary funds or agency funds are used to account for resources held for the benefit of other agencies or taxing bodies. These resources include property taxes, court fines, occupational licenses, civil fees, deputies court attendance payments, and work release payments. These resources are not available to the Sheriff for operating use; therefore, fiduciary (agency) funds are not included in the government-wide financial statements. The Sheriff however benefits by maintaining these funds in the form of fees and commissions.

Notes to financial statements are essential reading to fully understand the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The Sheriff’s total net assets decreased by \$384,887 during the year ended June 30, 2009 as compared to decreasing \$1,183,226 during the year ended June 30, 2008. Current year expenditures were \$204,238 less than expenditures in the prior year with current year revenues being \$594,101 more than in the prior year. The following presents an analysis of net assets and changes in net assets as of June 30 of the Sheriff’s governmental activities:

	<u>2009</u>	<u>2008</u>
Assets:		
Current assets	\$ 1,209,757	\$ 1,404,955
Capital assets	<u>2,586,711</u>	<u>2,749,755</u>
Total assets	<u>\$ 3,796,468</u>	<u>\$ 4,154,710</u>
Liabilities:		
Current liabilities	\$ 838,121	\$ 575,359
Long-term liabilities	<u>1,003,916</u>	<u>1,240,033</u>
Total liabilities	<u>\$ 1,842,037</u>	<u>\$ 1,815,392</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 1,575,258	\$ 1,598,470
Restricted for debt service	86,835	491,541
Unrestricted	<u>292,338</u>	<u>249,307</u>
Total net assets	<u>\$ 1,954,431</u>	<u>\$ 2,339,318</u>

	<u>2009</u>	<u>2008</u>
Program revenues:		
Charges for services	\$ 5,617,455	\$ 5,253,524
Operating grants	909,286	654,234
General revenues:		
Property taxes	684,380	686,411
Sales taxes	1,523,886	1,489,013
State revenue sharing	99,916	100,470
Investment earnings	8,594	51,714
Other	<u>55,993</u>	<u>70,043</u>
Total revenues	\$ 8,899,510	\$ 8,305,409
Expenses - public safety	<u>(9,284,397)</u>	<u>(9,488,635)</u>
Changes in net assets	\$ (384,887)	\$ (1,183,226)
Net assets - beginning	<u>2,339,318</u>	<u>3,522,544</u>
Net assets - ending	<u>\$ 1,954,431</u>	<u>\$ 2,339,318</u>

The Sheriff's total revenues increased \$594,101 in the year ended June 30, 2009 primarily due to an increase in charges for services of \$363,931 (primarily feeding and maintaining prisoners) and a \$255,052 increase in operating grants (primarily federal grants).

Governmental Fund Highlights

Revenues of the General Fund increased \$206,885 from revenues of the prior year due to an increase in federal, state, and local grants. The General Fund's expenditures decreased \$54,320 from expenditures of the prior year. The net change in the General Fund's fund balance for the year ended June 30, 2009 was a \$332,594 decrease. As of June 30, 2009, the General Fund reported an unreserved-undesignated fund balance of \$508,946.

Revenues of the Corrections Fund increased \$391,853 from revenues of the prior year due to an increase in charges for feeding and maintaining prisoners. The Corrections Fund's expenditures decreased \$162,246 from the prior year as well as amounts transferred to the General Fund decreasing by \$200,000. The net change in the Correction Fund's fund balance for the year ended June 30, 2009 was a \$49,704 decrease. As of June 30, 2009, the Corrections Fund reported \$86,835 as fund balance restricted for debt service and \$82,152 in unreserved-undesignated fund balance.

Budgetary Highlights

The Sheriff amended the budgets of the General Fund and Corrections Fund one time during the year ended June 30, 2009. The General Fund's actual revenues and other financing sources exceeded budgeted revenues and other financing sources by \$499,034 while its actual expenditures were \$190,172 more than budgeted expenditures. The actual revenues of the Corrections Fund failed to meet budgeted revenues by \$148,281 while actual expenditures and other financing uses were \$10,258 more than budgeted expenditures and other financing uses.

Capital Assets and Debt Administration

As of the June 30, 2009, the Sheriff had capital assets (net of accumulated depreciation) totaling \$2,586,711. Capital assets include buildings and improvements, equipment, and vehicles individually costing \$1,000 or more.

The Sheriff's additions to capital assets during the year ended June 30, 2009 were \$158,851 and included the purchase of seven new vehicles and office equipment. Additional information about the Sheriff's capital assets is presented in the notes to financial statements.

The Sheriff had \$1,310,213 in long-term obligations outstanding as of June 30, 2009. This amount included a bank loan, capital leases payable, and accrued compensated absences. Interest expense on these long-term obligations was \$63,942 for the year ended June 30, 2009. The Sheriff entered into two separate lease purchase agreements during the year ended June 30, 2009 to finance six of the seven new vehicles purchased. Additional information about the Sheriff's debt is presented in the notes to financial statements.

Economic Factor's and Next Year's Budget

The budgets of the General Fund and the Corrections Fund adopted for the year ending June 30, 2010 are fairly consistent with the prior year's budgets. The Sheriff obtained a \$500,000 bank loan in December 2009 to help with cash flow needs until the 2009 property tax revenues are received. The loan is due on June 30, 2010.

Request for Information

This report is designed to provide an overview of the Sheriff's financial performance for the audited year. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Morehouse Parish Sheriff Mike Tubbs, 351 South Franklin Street, Bastrop, LA 71220.

BASIC FINANCIAL STATEMENTS

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government Governmental Activities	Component Unit
ASSETS		
Cash	\$ 363,912	\$ 8,649
Receivables	845,845	16,852
Capital assets, net of accumulated depreciation	<u>2,586,711</u>	<u>-</u>
Total assets	<u>\$ 3,796,468</u>	<u>\$ 25,501</u>
LIABILITIES		
Accounts payable	\$ 339,168	\$ 16,852
Accrued salaries	183,670	-
Payroll withholdings payable	8,986	-
Long-term liabilities:		
Due within one year	306,297	-
Due within more than one year	<u>1,003,916</u>	<u>-</u>
Total liabilities	<u>\$ 1,842,037</u>	<u>\$ 16,852</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 1,575,258	\$ -
Restricted for debt service	86,835	-
Unrestricted	<u>292,338</u>	<u>8,649</u>
Total net assets	<u>\$ 1,954,431</u>	<u>\$ 8,649</u>
Total liabilities and net assets	<u>\$ 3,796,468</u>	<u>\$ 25,501</u>

See notes to financial statements.

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

STATEMENT OF ACTIVITIES
As of and for the Year Ended June 30, 2009

	Primary Government Governmental Activities	Component Unit
Expenses:		
Public safety	\$ 9,284,397	\$ 49,096
Program revenues:		
Charges for services	5,617,455	-
Operating grants	<u>909,286</u>	<u>43,521</u>
Net (expense) revenue	<u>\$(2,757,656)</u>	<u>\$(5,575)</u>
General revenues:		
Property taxes	\$ 684,380	\$ -
Sales taxes	1,523,886	-
State revenue sharing	99,916	-
Interest	8,594	13
Miscellaneous	<u>55,993</u>	<u>2,182</u>
Total general revenues	<u>\$ 2,372,769</u>	<u>\$ 2,195</u>
Change in net assets	\$(384,887)	\$(3,380)
Net assets - beginning	<u>2,339,318</u>	<u>12,029</u>
Net assets - ending	<u><u>\$ 1,954,431</u></u>	<u><u>\$ 8,649</u></u>

See notes to financial statements.

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2009

	General <u>Fund</u>	Corrections <u>Fund</u>	<u>Totals</u>
ASSETS			
Cash	\$ 84,785	\$ 279,127	\$ 363,912
Receivables	422,867	411,302	834,169
Due from other funds	<u>299,179</u>	<u>-</u>	<u>299,179</u>
Total assets	<u>\$ 806,831</u>	<u>\$ 690,429</u>	<u>\$ 1,497,260</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 200,526	\$ 138,642	\$ 339,168
Accrued salaries	88,373	95,297	183,670
Payroll withholdings payable	8,986	-	8,986
Due to other funds	<u>-</u>	<u>287,503</u>	<u>287,503</u>
Total liabilities	<u>\$ 297,885</u>	<u>\$ 521,442</u>	<u>\$ 819,327</u>
Fund balances:			
Reserved for debt service	\$ -	\$ 86,835	\$ 86,835
Unreserved - undesignated	<u>508,946</u>	<u>82,152</u>	<u>591,098</u>
Total fund balances	<u>\$ 508,946</u>	<u>\$ 168,987</u>	<u>\$ 677,933</u>
Total liabilities and fund balances	<u>\$ 806,831</u>	<u>\$ 690,429</u>	<u>\$ 1,497,260</u>

See notes to financial statements.

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

As of and for the Year Ended June 30, 2009

	<u>General Fund</u>	<u>Corrections Fund</u>	<u>Totals</u>
Revenues:			
Taxes:			
Property	\$ 684,380	\$ -	\$ 684,380
Sales	1,523,886	-	1,523,886
Intergovernmental:			
Federal grants	215,232	-	215,232
State grants	772,687	-	772,687
Local grants	26,328	-	26,328
Fees, charges, and commissions for services	408,693	5,199,535	5,608,228
Interest	4,056	4,538	8,594
Other revenues	<u>25,928</u>	<u>17,708</u>	<u>43,636</u>
Total revenues	<u>\$ 3,661,190</u>	<u>\$ 5,221,781</u>	<u>\$ 8,882,971</u>
Expenditures:			
Current:			
Public safety:			
Personal services	\$ 3,136,125	\$ 3,141,786	\$ 6,277,911
Operating services	528,747	514,695	1,043,442
Materials and supplies	255,465	1,170,498	1,425,963
Travel and other charges	25,201	2,424	27,625
Debt service	36,752	291,228	327,980
Capital outlay	<u>313,593</u>	<u>-</u>	<u>313,593</u>
Total expenditures	<u>\$ 4,295,883</u>	<u>\$ 5,120,631</u>	<u>\$ 9,416,514</u>

(continued)

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued)
As of and for the Year Ended June 30, 2009

	<u>General Fund</u>	<u>Corrections Fund</u>	<u>Totals</u>
Excess (deficiency) of revenues over expenditures	\$(634,693)	\$ 101,150	\$(533,543)
Other financing sources (uses):			
Operating transfers in (out)	\$ 150,854	\$(150,854)	\$ -
Sale of fixed assets	5,327	-	5,327
Capital lease proceeds	124,206	-	124,206
Insurance recovery	<u>21,712</u>	<u>-</u>	<u>21,712</u>
Total other financing sources (uses)	<u>\$ 302,099</u>	<u>\$(150,854)</u>	<u>\$ 151,245</u>
Net changes in fund balances	\$(332,594)	\$(49,704)	\$(382,298)
Fund balances - beginning	<u>841,540</u>	<u>218,691</u>	<u>1,060,231</u>
Fund balances - ending	<u><u>\$ 508,946</u></u>	<u><u>\$ 168,987</u></u>	<u><u>\$ 677,933</u></u>

See notes to financial statements.

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO GOVERNMENT-WIDE STATEMENT OF NET ASSETS

As of and for the Year Ended June 30, 2009

Total fund balances - governmental funds balance sheet	\$ 677,933
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,586,711
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Long-term liabilities, including a bank loan, capital leases, and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,310,213)</u>
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Total net assets of governmental activities - government-wide statement of net assets	<u>\$ 1,954,431</u>
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See notes to financial statements.

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
As of and for the Year Ended June 30, 2009

Net change in fund balances - governmental funds	\$ (382,298)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.	(152,545)
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In the statement of activities, only the loss on the disposal of fixed assets is reported, whereas in the governmental funds, the proceeds from disposal increase financial resources. Thus, the change in net assets differs from the change in fund balance by the book values of the assets.	(10,499)
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Government funds report capital lease proceeds as current financial resources. However, in the statement of activities, capital lease proceeds increase long-term liabilities. This is the amount of current capital lease proceeds.	(124,206)
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Expenses for compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	20,623
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Governmental funds report principal payments on long-term obligations as an expense when actually paid. However, in the statement of activities, principal payments are reported as reductions of the related debt. This is the amount related to this reporting difference.	<u>264,038</u>
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Change in net assets of governmental activities - government-wide statement of activities	<u><u>\$ (384,887)</u></u>
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See notes to financial statements.

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

STATEMENT OF NET ASSETS - FIDUCIARY FUNDS - AGENCY FUNDS
June 30, 2009

ASSETS

Cash and cash equivalents	\$ 371,502
Investments	<u>482,176</u>
Total assets	<u><u>\$ 853,678</u></u>

LIABILITIES

Due to other funds	\$ 11,676
Due to taxing bodies and others	<u>842,002</u>
Total liabilities	<u><u>\$ 853,678</u></u>

See notes to financial statements.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2009**

Note 1. Organization and Summary of Significant Accounting Policies

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the sheriff serves a four year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The sheriff also administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

As the chief law enforcement officer of the parish, the sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The sheriff provides protection to the residents of the parish through on-site patrols and investigations, and serves the residents of the parish through the establishment of neighborhood watch programs and anti-drug abuse programs. Additionally, the sheriff, when requested, provides assistance to other law enforcement agencies within the parish.

As the ex-officio tax collector of the parish, the sheriff is responsible for the collection and distribution of ad valorem property taxes; occupational licenses; beer and liquor licenses; state revenue sharing; and fines, costs, and bond forfeitures imposed by the district court.

The more significant accounting policies of Morehouse Parish Sheriff (the "Sheriff") are described as follows:

Basis of Presentation:

The accompanying basic financial statements of the Sheriff have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity:

As the governing authority of the parish, for reporting purposes, Morehouse Parish Police Jury is the financial reporting entity for Morehouse Parish. The sheriff is an independently elected official that is not fiscally dependent on Morehouse Parish Police Jury. Therefore, the Sheriff is not a component unit of the financial reporting entity for Morehouse Parish.

NOTES TO FINANCIAL STATEMENTS

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining which component units should be considered part of the Sheriff for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the Sheriff to impose its will on that organization and/or,
 - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Sheriff.
2. Organizations for which the Sheriff does not appoint a voting majority but are fiscally dependent on the Sheriff.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Sheriff (the primary government) and its component unit.

Component units that are legally separate from the Sheriff, but are financially accountable to the Sheriff, or whose relationship with the Sheriff is such that exclusion would cause the Sheriff's financial statements to be misleading or incomplete are discretely presented. The component unit column on the statement of net assets and on the statement of activities include the financial data of Morehouse Dare Inc. ("DARE"), the discretely presented component unit. The component unit's data is reported in a separate column to emphasize that it is legally separate from the Sheriff. The purpose of DARE is to develop, promote, monitor, and evaluate the drug awareness program parish wide. DARE is financially accountable to the Sheriff because (1) the director of DARE is an employee of the Sheriff (criteria 1. above), and (2) because the Sheriff can compose its will on DARE by the Sheriff's ability to affect the activities and level of service performed by DARE (criteria 1.a. above). In addition, the Sheriff provides funding in the form of state grant funds being passed through to the organization and the Sheriff has the ability to reassign or dismiss those persons responsible for the day-to-day operations of DARE.

NOTES TO FINANCIAL STATEMENTS

Fund Accounting:

The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Funds of the Sheriff are classified into categories of governmental and fiduciary fund types. Each category, in turn, is divided into separate funds. The fund types and a description of each existing fund follows:

Governmental funds:

Governmental funds account for all of the Sheriff's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Sheriff. The following are the Sheriff's governmental funds:

General Fund - the primary operating fund of the Sheriff and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Sheriff's policy.

Corrections Fund - used to account for the operation and maintenance of Morehouse Parish Jail Annex and Collinston Detention Center. The primary source of revenue is state funds for feeding and maintaining state prisoners.

Fiduciary funds:

Fiduciary fund reporting focuses on net asset and changes in net assets. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections, fines, and licenses), deposits held pending court action, and funds earned by inmates under the work release program. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

NOTES TO FINANCIAL STATEMENTS

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

Government-wide financial statements:

The statement of net assets and statement of activities display information about the Sheriff as a whole. These statements include all the financial activities of the Sheriff except the fiduciary funds. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange occurs regardless of when cash is received or disbursed.

Program revenues:

Program revenues included on the statement of activities are derived directly from users as a fee or services or are grants that are restricted to meeting the operational requirement of a particular program. Program revenues reduce the cost of the function to be financed from the Sheriff's general revenues.

Fund financial statements:

The amounts reflected in the balance sheet and statement of revenues, expenditures, and changes in fund balances report using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Sheriff's operations.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Sheriff considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for principal payments on long-term debt which are recognized when due and compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

NOTES TO FINANCIAL STATEMENTS

Revenues:

Ad valorem taxes and the related state revenue sharing are recorded as revenue in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, attach as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January, and February of the fiscal year.

Sales and use taxes are recognized as revenue when received by the Sheriff's collection agent, Morehouse Parish Sales and Use Tax Commission. Intergovernmental revenues and fees, charges, and commissions for services are recorded when the Sheriff is entitled to the funds. Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Based on the above criteria, ad valorem taxes; state revenue sharing; sales and use taxes; intergovernmental revenues; and fees, charges, and commissions for services are treated as susceptible to accrual.

Expenditures:

Expenditures are generally recognized under the modified accrual basis when the related fund liability is incurred.

Other financing sources (uses):

Transfers between funds which are not expected to be repaid, insurance proceeds, and proceeds from sales of assets are accounted for as other financing sources (uses) and are recognized when the underlying events occur.

Budgets and Budgetary Accounting:

Proposed budgets for the General Fund and Corrections Fund are prepared on the modified accrual basis of accounting and published in the official journal prior to the public hearing. Public hearings are held at the Sheriff's office during the month of June for comments from taxpayers. The budgets are then legally adopted by the Sheriff and amended during the year, as necessary. Budgets are established and controlled by the Sheriff at the object level of expenditure. All annual appropriations lapse at fiscal year end.

NOTES TO FINANCIAL STATEMENTS

Encumbrance accounting is not used. However, formal budgetary integration is employed as a management control device during the fiscal year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

Cash and Cash Equivalents:

Cash includes amounts in demand deposits, interest-bearing demand deposits, and petty cash. Cash equivalents include amounts in time deposits with original maturities of 90 days or less. Under state law, the Sheriff may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments:

Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of time deposits exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. As of June 30, 2009, the agency funds' investments consisted of non-negotiable certificates of deposit with original maturities that exceeded 90 days and are reported in the accompanying financial statements at cost, which approximates market value.

Short-Term Interfund Receivables/Payables:

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

Uncollectible Allowance:

The statements contain no provision for uncollectible accounts. The Sheriff is of the opinion that such allowance would be immaterial in relation to the basic financial statements taken as a whole.

Capital Assets:

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded at their estimated fair market value on the date of donation. The Sheriff maintains a threshold level of \$1,000 or more for capitalizing assets.

NOTES TO FINANCIAL STATEMENTS

Capital assets and depreciation are recorded in the statement of net assets and statements of activities, respectfully. As surplus assets are sold for immaterial amounts when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	40 years
Equipment	5 - 15 years
Vehicles	5 years

Compensated Absences:

Employees of the Sheriff earn from ten to 30 days of vacation leave each year, depending on length of service. All accrued vacation days are to be taken prior to the employee's next anniversary date unless approved for carryover by the chief deputy or sheriff. Employees earn three to six hours of sick leave each pay period, depending on length of service, up to a maximum of 156 hours per year. Sick leave accrual is unlimited. Employees earn compensatory time at the rate of one and half times for all overtime hours worked. Employees may accumulate unused compensatory time. Accumulated compensatory time is paid to the employee in the form of days off or is paid to the employee at the employee's current rate of pay upon separation from service.

Estimated accrued compensated absences resulting from unused vacation and compensatory time at the end of the fiscal year are recorded in the government-wide financial statements as long-term liabilities. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

The cost of accumulated compensatory time is reported as an expenditure of the General Fund when the employee uses the time in the form of days off or is paid for accumulated time upon separation from service.

Long-Term Liabilities:

In the government-wide financial statements, outstanding debt is reported as long-term liabilities. The fund financial statements recognize proceeds of debt as other financing sources of the current period. Expenditures for long-term debt principal and interest are recorded in the fund financial statements in the year payments are due.

NOTES TO FINANCIAL STATEMENTS

Equity Classifications:

In the government-wide financial statements, equity is classified as net assets and classified into three components:

1. Invested in capital assets, net of related debt - consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of the assets.
2. Restricted - consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted - consists of all other assets.

In the fund financial statements, governmental fund balances are classified as reserved or unreserved, with unreserved further classified between designated and undesignated. Fund balance is reserved for amounts not available for appropriation or legally restricted for specified purposes.

Interfund Transactions:

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as operating transfers.

Sales and Use Taxes:

In October of 1998, voters of the parish approved a one-half of one percent ($\frac{1}{2}\%$) sales and use tax. The proceeds of the tax, after paying reasonable and necessary costs of collection, are dedicated to operation of the law enforcement district. In May 2009, the tax was renewed for ten years expiring in January 2019. The Sheriff has entered into an agreement with Morehouse Parish Sales and Use Tax Commission for collection of the tax. For its services, the collection agent receives a one and one-half percent (1.5%) collection fee.

NOTES TO FINANCIAL STATEMENTS

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities; disclosure of contingent assets and liabilities as of the date of the financial statements; and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Expenditures - Budget and Actual

The actual expenditures and other financing uses of the following individual funds exceeded budgeted appropriations for the year ended June 30, 2009:

	<u>Budget</u>		<u>Actual</u>	<u>Unfavorable Variance</u>
	<u>Original</u>	<u>Final</u>		
General Fund	\$ 4,022,268	\$ 4,105,711	\$ 4,295,883	\$ 190,172
Corrections Fund	5,752,877	5,261,227	5,271,485	10,258

Note 3. Levied Tax

As provided by Louisiana Revised Statute 33:9001, a law enforcement district has been created for the purpose of providing financing to the office of the Sheriff. Louisiana Revised Statute 33:9003 requires the district to levy a tax on the assessed valuation of all property appearing on the 1977 and subsequent tax rolls in an amount that would produce for the district in the initial year the same revenue as that estimated to be produced by the Sheriff's commission on ad valorem taxes for the fiscal year ended June 30, 1977. For the 2008 tax roll, the district levied 4.78 mills on property with an assessed value of \$145,264,624.

NOTES TO FINANCIAL STATEMENTS

Note 4. Deposits with Financial Institutions

As of June 30, 2009, the Sheriff had deposits as follows:

Primary government:	
Demand deposits	\$ 734,914
Petty cash	500
Certificates of deposit	<u>482,176</u>
	\$ 1,217,590
Amounts held in Agency Funds	<u>(853,678)</u>
 Total primary government	 <u>\$ 363,912</u>
 Component unit:	
Demand deposits	<u>\$ 8,649</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the Sheriff's name by the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Bank balances as of June 30, 2009 were secured as follows:

Federal deposit insurance	\$ 872,420
Pledged securities (Category 1)	<u>644,915</u>
 Total bank balances	 <u>\$ 1,517,335</u>

There were no repurchase or reverse repurchase agreements as of June 30, 2009.

NOTES TO FINANCIAL STATEMENTS

Note 5. Receivables

A summary of receivables as of June 30, 2009 is as follows:

	<u>Primary Government</u>		
	<u>General</u>	<u>Corrections</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Totals</u>
Taxes:			
Ad valorem	\$ 3,585	\$ -	\$ 3,585
Sales	140,697	-	140,697
Intergovernmental:			
Federal grants	190,843	-	190,843
State grants	49,256	-	49,256
Fees, charges, and commissions for services	13,696	411,302	424,998
Other	<u>24,790</u>	<u>-</u>	<u>24,790</u>
 Total governmental funds	<u>\$ 422,867</u>	<u>\$ 411,302</u>	\$ 834,169
 Due from agency funds			<u>11,676</u>
 Total government-wide			<u>\$ 845,845</u>

Note 6. Interfund Receivables, Payables, and Transfers

A summary of amounts due from/to other funds as of June 30, 2009 is as follows:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 299,179	\$ -
Corrections Fund	-	287,503
Fiduciary Funds - Agency Funds	<u>-</u>	<u>11,676</u>
 Totals	<u>\$ 299,179</u>	<u>\$ 299,179</u>

During the year ended June 30, 2009, the net amount of \$150,854 was transferred from the Corrections Fund to the General Fund to assist in funding the operations of the General Fund.

NOTES TO FINANCIAL STATEMENTS

Note 7. Capital Assets and Depreciation

Capital assets and depreciation activity of the primary government as of and for the year ended June 30, 2009 are as follows:

	Balance - July 1, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance - June 30, <u>2009</u>
Buildings and improvements	\$ 3,120,892	\$ -	\$ -	\$ 3,120,892
Equipment	660,737	5,525	(35,664)	630,598
Vehicles	<u>1,002,957</u>	<u>153,326</u>	<u>(103,912)</u>	<u>1,052,371</u>
Total capital assets	<u>\$ 4,784,586</u>	<u>\$ 158,851</u>	<u>\$(139,576)</u>	<u>\$ 4,803,861</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 1,093,982	\$ 78,022	\$ -	\$ 1,172,005
Equipment	337,533	54,471	(31,097)	360,906
Vehicles	<u>603,396</u>	<u>178,903</u>	<u>(98,060)</u>	<u>684,239</u>
Total accumulated depreciation	<u>\$ 2,034,911</u>	<u>\$ 311,396</u>	<u>\$(129,157)</u>	<u>\$ 2,217,150</u>
Capital assets, net of accumulated depreciation	<u>\$ 2,749,675</u>	<u>\$(152,545)</u>	<u>\$(10,419)</u>	<u>\$ 2,586,711</u>

Depreciation expense of \$311,396 is included in public safety expenses of the primary government on the statement of activities.

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Liabilities

The following is a summary of the transactions of the primary government's long-term liabilities for the year ended June 30, 2009:

	Compensated <u>Absences</u>	Bank <u>Loan</u>	Capital <u>Leases</u>	<u>Totals</u>
Balance - July 1, 2008	\$ 319,383	\$ 1,151,285	\$ -	\$ 1,470,668
Additions	133,515	-	124,206	257,721
Retirements	(152,993)	(230,625)	(33,413)	(417,031)
Adjustment	<u>(1,145)</u>	<u>-</u>	<u>-</u>	<u>(1,145)</u>
Balance - June 30, 2009	<u>\$ 298,760</u>	<u>\$ 920,660</u>	<u>\$ 90,793</u>	<u>\$ 1,310,213</u>

The following is a summary of the current (due within one year) and long-term (due within more than one year) portions of long-term liabilities of the primary government as of June 30, 2009:

	Compensated <u>Absences</u>	Bank <u>Loan</u>	Capital <u>Leases</u>	<u>Totals</u>
Current portion	\$ -	\$ 244,338	\$ 61,959	\$ 306,297
Long-term portion	<u>298,760</u>	<u>676,322</u>	<u>28,834</u>	<u>1,003,916</u>
Totals	<u>\$ 298,760</u>	<u>\$ 920,660</u>	<u>\$ 90,793</u>	<u>\$ 1,310,213</u>

The adjustment to compensated absences resulted from differences between beginning and ending rates of pay for compensatory time. As of June 30, 2009, employees of the Sheriff had accumulated and vested \$298,760 of compensated absences which were computed in accordance with GASB Statement No. 16. The total amount accrued as of June 30, 2009 is reported in the statement of net assets as long-term liabilities as the Sheriff does not anticipate liquidating the liability with current available expendable resources.

NOTES TO FINANCIAL STATEMENTS

During the year ended June 30, 1998, the Sheriff entered into a loan agreement for \$2,915,000. The proceeds of the loan were used to pay in full an existing loan with Farmers' Home Administration. The original loan was used for construction and furnishing of the detention center in Morehouse Parish. All debt retirement payments on the loan are made from the Corrections Fund. The loan bears interest at 5.79%. The final principal and interest payment is due December 1, 2012. The annual requirements to amortize the bank loan balance outstanding as of June 30, 2009 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2010	\$ 244,338	\$ 46,889	\$ 291,227
2011	258,867	32,360	291,227
2012	274,259	16,968	291,227
2013	<u>143,196</u>	<u>2,427</u>	<u>145,623</u>
Total requirements	<u>\$ 920,660</u>	<u>\$ 98,644</u>	<u>\$ 1,019,304</u>

Interest costs of \$60,603 were incurred and expensed in the Corrections Fund for the year ended June 30, 2009.

The Sheriff records assets acquired under capital leases as capital assets and long-term obligations in the government-wide financial statements. On December 18, 2008, the Sheriff entered into a capital lease agreement with Ford Motor Credit for the purchase of five vehicles. The lease has an original recorded amount of \$103,844. Monthly lease payments in the amount of \$4,605 are required through November 22, 2010. On February 23, 2009, the Sheriff entered into another capital lease agreement with Ford Motor Credit for the purchase of a truck. The lease has an original recorded amount of \$20,362. Monthly lease payments in the amount of \$903 are required through January 24, 2011. Monthly payments for both leases are made from the General Fund.

NOTES TO FINANCIAL STATEMENTS

The following is a summary of future minimum lease payments, together with the present value of the net minimum lease payment as of June 30, 2009:

Year Ending <u>June 30,</u>	<u>Vehicles</u>	<u>Truck</u>	<u>Totals</u>
2010	\$ 55,263	\$ 10,836	\$ 66,099
2011	<u>23,026</u>	<u>6,321</u>	<u>29,347</u>
Total minimum lease payments	\$ 78,289	\$ 17,157	\$ 95,446
Less amounts representing interest	<u>(3,745)</u>	<u>(908)</u>	<u>(4,653)</u>
 Present value of net minimum lease payments	 <u>\$ 74,544</u>	 <u>\$ 16,249</u>	 <u>\$ 90,793</u>

Interest costs of \$3,339 were incurred and expensed in the General Fund for the year ended June 30, 2009.

Note 9. Risk Management

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Sheriff carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. There were no significant reductions in the Sheriff's insurance coverage during the fiscal year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior fiscal years.

Note 10. Restricted Net Assets and Reserved Fund Balances

In the government-wide statement of net assets and the governmental funds' balance sheet, net assets and fund balances, respectively, are reported as restricted and reserved, respectively, for debt service and are comprised of resources of the Corrections Fund set aside as required by the terms of the bank loan.

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan

Substantially all employees of the Sheriff are members of Louisiana Sheriffs' Pension and Relief Fund (the "System"), a cost-sharing, multiple-employer, defined benefit pension plan administered by a separate board of trustees.

All sheriffs and all deputies who are 18 years or older at the time of original employment, and who earn not less than \$400 per month if employed after September 7, 1979 and before January 1, 1991; \$550 if employed between January 1, 1991 and December 31, 1999; and \$800 if employed after January 1, 2000, are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to 3.33 % of their final-average salary for each year of credited service. The retirement benefit cannot exceed 100% of the employee's final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produces the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Louisiana Sheriffs' Pension and Relief Fund, 6554 Florida Boulevard, Suite 215, Baton Rouge, Louisiana 70806, or by calling (800) 586-9049.

Plan members are required by state statute to contribute 10% of their annual covered salary and the Sheriff is required to contribute at an actuarially determined rate. The current rate is 11 % of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Sheriff's contributions to the System for the years ended June 30, 2009, 2008, and 2007 were \$512,897, \$507,707, and \$437,870, respectively, equal to the required contributions for each year.

NOTES TO FINANCIAL STATEMENTS

Note 12. Postemployment Health Care Benefits

The Sheriff provides certain continuing health care insurance for its retired employees. Substantially all of the Sheriff's employees become eligible for these benefits if normal retirement age is attained while employed by the Sheriff. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the Sheriff. There are three retirees receiving benefits as of June 30, 2009. The Sheriff's costs of providing retirees' health care benefits are recognized as expenditures when the monthly premiums are due. For the year ended June 30, 2009, the cost of retirees' benefits totaled \$9,783.

Note 13. Changes in Agency Funds' Balances

A summary of changes for the year ended June 30, 2009 in agency funds' balances due to taxing bodies and others is as follows:

	Balance - July 1, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance - June 30, <u>2009</u>
Tax Collector Fund	\$ 391,587	\$ 11,808,170	\$(11,577,950)	\$ 621,807
Criminal Fund	201,559	601,121	(654,674)	148,006
Civil Fund	129,548	1,343,300	(1,454,519)	18,329
License Fund	7,119	90,456	(95,777)	1,798
Inmate Work Release Fund	326	491,910	(440,174)	52,062
Court Attendance Fund	<u>100</u>	<u>11,350</u>	<u>(11,450)</u>	<u>-</u>
Totals	<u>\$ 730,239</u>	<u>\$ 14,346,307</u>	<u>\$(14,234,544)</u>	<u>\$ 842,002</u>

Note 14. Taxes Paid Under Protest

Unsettled balances due to taxing bodies and others reported in the agency funds as of June 30, 2009 include \$519,539 of taxes paid under protest, plus interest earned to date on the investment of these funds totaling \$62,099. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

Note 15. Litigation and Claims

As of June 30, 2009, the Sheriff was involved in three lawsuits. In the opinion of legal counsel, resolution of these lawsuits will not result in any liability in excess of insurance coverage.

NOTES TO FINANCIAL STATEMENTS

Note 16. Expenditures of Sheriff's Office Paid by Morehouse Parish Police Jury

The Sheriff's offices were constructed by Morehouse Parish Police Jury. Certain costs of maintaining and operating the offices, as required by Louisiana Revised Statute 33:4715, are paid by Morehouse Parish Police Jury.

Note 17. Interagency Agreement

The Sheriff and City of Bastrop's Police Department entered into an agreement on July 8, 1996 for the purpose of obtaining federal anti-drug abuse funds to combat drug problems in their joint jurisdictions. North Louisiana Drug Enforcement Bureau (NLDEB) was established by the agreement. NLDEB's operations are funded by federal grants from United States Department of Justice through Louisiana Commission on Law Enforcement and Administration of Criminal Justice, together with contributions from the Sheriff and City of Bastrop. The Sheriff has been designated as the grant recipient and the administrative entity for NLDEB. All financial activities of NLDEB are included in the Sheriff's basic financial statements and are reflected in the General Fund.

Note 18. New Accounting Pronouncements

In November 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requiring the accrual of postemployment benefits for retired employees. The Sheriff is required to implement this pronouncement for the fiscal year ending June 30, 2010. The Sheriff has not yet determined the full impact that adoption of GASB Statement No. 45 will have on the financial statements.

Note 19. Subsequent Event

On December 10, 2009, the Sheriff obtained a \$500,000 bank loan for the purpose of paying the operating costs for the year ending June 30, 2010. The note is secured and payable from a pledge of all revenues accruing to the Sheriff's General Fund for the fiscal year ending June 30, 2010. The loan bears interest at 5.25% and is due on June 30, 2010.

REQUIRED SUPPLEMENTARY INFORMATION (Part 2 of 2)

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GOVERNMENTAL FUND - GENERAL FUND

As of and for the Year Ended June 30, 2009

	<u>Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:				
Taxes:				
Property	\$ 670,000	\$ 680,000	\$ 684,380	\$ 4,380
Sales	1,440,000	1,420,000	1,523,886	103,886
Intergovernmental	655,000	781,059	1,014,247	233,188
Fees, charges, and commissions for services	330,000	374,370	408,693	34,323
Interest	20,000	3,720	4,056	336
Miscellaneous	<u>10,000</u>	<u>-</u>	<u>25,928</u>	<u>25,928</u>
Total revenues	<u>\$ 3,125,000</u>	<u>\$ 3,259,149</u>	<u>\$ 3,661,190</u>	<u>\$ 402,041</u>
Expenditures:				
Current:				
Public safety:				
Personal services	\$ 3,244,107	\$ 3,060,000	\$ 3,136,125	\$(76,125)
Operating services	414,450	479,000	528,747	(49,747)
Materials and supplies	278,500	248,500	255,465	(6,965)
Travel and other charges	85,211	85,211	25,201	60,010
Debt service	-	40,000	36,752	3,248
Capital outlay	<u>-</u>	<u>193,000</u>	<u>313,593</u>	<u>(120,593)</u>
Total expenditures	<u>\$ 4,022,268</u>	<u>\$ 4,105,711</u>	<u>\$ 4,295,883</u>	<u>\$ (190,172)</u>
Excess (deficiency) of revenues over expenditures	<u>\$(897,268)</u>	<u>\$(846,562)</u>	<u>\$(634,693)</u>	<u>\$ 211,869</u>

(continued)

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GOVERNMENTAL FUND - GENERAL FUND (Continued)
As of and for the Year Ended June 30, 2009

	<u>Original</u>	<u>Budget</u> <u>Final</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Other financing sources:				
Operating transfers in	\$ 360,000	\$ 60,000	\$ 150,854	\$ 90,854
Sale of fixed assets	5,000	-	5,327	5,327
Capital lease proceeds	-	124,206	124,206	-
Insurance recovery	<u>3,000</u>	<u>20,900</u>	<u>21,712</u>	<u>812</u>
Total other financing sources	<u>\$ 368,000</u>	<u>\$ 205,106</u>	<u>\$ 302,099</u>	<u>\$ 96,993</u>
Net change in fund balance	\$(529,268)	\$(641,456)	\$(332,594)	\$ 308,862
Fund balance - beginning	<u>800,000</u>	<u>841,540</u>	<u>841,540</u>	<u>-</u>
Fund balance - ending	<u>\$ 270,732</u>	<u>\$ 200,084</u>	<u>\$ 508,946</u>	<u>\$ 308,862</u>

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GOVERNMENTAL FUND - CORRECTIONS FUND

As of and for the Year Ended June 30, 2009

	<u>Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:				
Fees, charges, and commissions for services	\$ 5,203,000	\$ 5,060,500	\$ 5,199,535	\$ 139,035
Interest	25,000	4,000	4,538	538
Miscellaneous	4,000	9,000	17,708	8,708
Total revenues	<u>\$ 5,232,000</u>	<u>\$ 5,073,500</u>	<u>\$ 5,221,781</u>	<u>\$ 148,281</u>
Expenditures:				
Current:				
Public safety:				
Personal services	\$ 3,261,000	\$ 3,150,000	\$ 3,141,786	\$ 8,214
Operating services	512,650	500,000	514,695	(14,695)
Material and supplies	1,313,000	1,250,000	1,170,498	79,502
Travel and other charges	8,000	3,000	2,424	576
Debt service	298,227	298,227	291,228	6,999
Total expenditures	<u>\$ 5,392,877</u>	<u>\$ 5,201,227</u>	<u>\$ 5,120,631</u>	<u>\$ 80,596</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (160,877)</u>	<u>\$ (127,727)</u>	<u>\$ 101,150</u>	<u>\$ 228,877</u>
Other financing sources (uses):				
Operating transfers in (out)	<u>(360,000)</u>	<u>(60,000)</u>	<u>(150,854)</u>	<u>(90,854)</u>
Net change in fund balance	<u>\$ (520,877)</u>	<u>\$ (187,727)</u>	<u>\$ (49,704)</u>	<u>\$ 138,023</u>
Fund balance - beginning	<u>600,000</u>	<u>218,691</u>	<u>218,691</u>	<u>-</u>
Fund balance - ending	<u>\$ 79,123</u>	<u>\$ 30,964</u>	<u>\$ 168,987</u>	<u>\$ 138,023</u>

OTHER SUPPLEMENTARY INFORMATION

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

FIDUCIARY FUND TYPES - AGENCY FUNDS

Tax Collector Fund - Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund is used to collect and distribute taxes and fees to the appropriate taxing bodies.

Criminal Fund - accounts for the collection of bonds, fines and costs, and payment of the collections to recipients in accordance with applicable laws.

Civil Fund - accounts for the collection of funds in civil suits, sheriff's sales, and garnishments and payments of these collections to recipients in accordance with applicable laws.

License Fund - accounts for the collection and distribution of parish occupational, beer, liquor, and private club licenses.

Inmate Work Release Fund - accounts for funds of inmates that are earned under the work release program.

Court Attendance Fund - accounts for the collection and disbursement of witness fees paid to deputies.

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

COMBINING BALANCE SHEET -
FIDUCIARY FUND TYPES - AGENCY FUNDS
June 30, 2009

	Tax Collector <u>Fund</u>	Criminal <u>Fund</u>	Civil <u>Fund</u>	License <u>Fund</u>	Inmate Work Release <u>Fund</u>	<u>Totals</u>
ASSETS						
Cash and cash equivalents	\$ 144,307	\$ 152,284	\$ 21,051	\$ 1,798	\$ 52,062	\$ 371,502
Investments	<u>482,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>482,176</u>
Total assets	<u>\$ 626,483</u>	<u>\$ 152,284</u>	<u>\$ 21,051</u>	<u>\$ 1,798</u>	<u>\$ 52,062</u>	<u>\$ 853,678</u>
LIABILITIES						
Due to other funds	\$ 4,676	\$ 4,278	\$ 2,722	\$ -	\$ -	\$ 11,676
Due to taxing bodies and others	<u>621,807</u>	<u>148,006</u>	<u>18,329</u>	<u>1,798</u>	<u>52,062</u>	<u>842,002</u>
Total liabilities	<u>\$ 626,483</u>	<u>\$ 152,284</u>	<u>\$ 21,051</u>	<u>\$ 1,798</u>	<u>\$ 52,062</u>	<u>\$ 853,678</u>

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

COMBINING SCHEDULE OF CHANGES IN UNSETTLED BALANCES DUE TO
TAXING BODIES AND OTHERS - FIDUCIARY FUND TYPES - AGENCY FUNDS

As of and for the Year Ended June 30, 2009

	Tax Collector Fund	Criminal Fund	Civil Fund	License Fund	Inmate Work Release Fund	Court Attendance Fund	Totals
Unsettled balances due to taxing bodies and others - beginning	\$ 391,587	\$ 201,559	\$ 129,548	\$ 7,119	\$ 326	\$ 100	\$ 730,239
Additions:							
Deposits:							
Ad valorem taxes:							
Current year	\$ 10,775,028	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,775,028
Prior year	11,718	-	-	-	-	-	11,718
Paid under protest	198,759	-	-	-	-	-	198,759
State revenue sharing	610,342	-	-	-	-	-	610,342
Occupational licenses	-	-	-	83,221	-	-	83,221
Beer, liquor, and private club licenses	-	-	-	7,235	-	-	7,235
Interest:							
Bank account	2,697	-	-	-	-	-	2,697
Delinquent taxes	9,451	-	-	-	-	-	9,451
Protested taxes held in escrow	6,661	-	-	-	-	-	6,661
Redemptions	147,948	-	-	-	-	-	147,948
Tax notices, etc.	38,891	-	-	-	-	-	38,891
Appearance bonds, fines, etc.	-	601,121	-	-	-	-	601,121
Sales	-	-	1,169,309	-	-	-	1,169,309
Garnishments	-	-	131,988	-	-	-	131,988
Other additions	6,675	-	42,003	-	491,910	11,350	551,938
Total additions	\$ 11,808,170	\$ 601,121	\$ 1,343,300	\$ 90,456	\$ 491,910	\$ 11,350	\$ 14,346,307

(continued)

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**COMBINING SCHEDULE OF CHANGES IN UNSETTLED BALANCES DUE TO
TAXING BODIES AND OTHERS - FIDUCIARY FUND TYPES - AGENCY FUNDS (Continued)**
As of and for the Year Ended June 30, 2009

	Tax Collector Fund	Criminal Fund	Civil Fund	License Fund	Inmate Work Release Fund	Court Attendance Fund	Totals
Reductions:							
Deposits settled to:							
Morehouse Parish Clerk of Court	\$ -	\$ 22,167	\$ 39,088	\$ -	\$ -	\$ -	\$ 61,255
Witnesses and appraisers	-	-	13,800	-	-	-	13,800
Louisiana Department of Forestry	10,922	-	-	-	-	-	10,922
Louisiana Tax Commission	2,805	-	-	-	-	-	2,805
Tensas Basin Levee District	126,015	-	-	-	-	-	126,015
Morehouse Parish:							
Assessor	479,100	-	-	-	-	-	479,100
Police Jury	1,879,483	190,699	-	76,622	-	-	2,146,804
School Board	5,672,066	-	-	-	-	-	5,672,066
Sheriff	837,043	91,041	201,925	19,155	239,205	-	1,388,369
Library	426,204	-	-	-	-	-	426,204
Ward 2 Fire District No. 1	65,203	-	-	-	-	-	65,203
Ward 5 Fire District No. 1	30,028	-	-	-	-	-	30,028
Ward 6 Fire District No. 1	72,194	-	-	-	-	-	72,194
Ward 8 Fire District No. 1	25,789	-	-	-	-	-	25,789
Ward 10 Fire District No. 1	26,303	-	-	-	-	-	26,303
Hospital Service District	646,867	-	-	-	-	-	646,867
Ward 2 Cemetery	26,380	-	-	-	-	-	26,380
Bonne Idee Drainage District	11,683	-	-	-	-	-	11,683
Bastrop Area Fire Protection District No. 2	830,207	-	-	-	-	-	830,207
City of Bastrop	2,890	-	-	-	-	-	2,890
Pension funds	311,637	-	-	-	-	-	311,637
Litigants	-	-	1,136,480	-	-	-	1,136,480
Other settlements	95,131	350,767	63,226	-	200,969	11,450	721,543
Total reductions	<u>\$ 11,577,950</u>	<u>\$ 654,674</u>	<u>\$ 1,454,519</u>	<u>\$ 95,777</u>	<u>\$ 440,174</u>	<u>\$ 11,450</u>	<u>\$ 14,234,544</u>
Unsettled balances due to taxing bodies and others - ending	<u>\$ 621,807</u>	<u>\$ 148,006</u>	<u>\$ 18,329</u>	<u>\$ 1,798</u>	<u>\$ 52,062</u>	<u>\$ -</u>	<u>\$ 842,002</u>

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MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

SCHEDULE OF CURRENT INSURANCE (UNAUDITED)

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Policy Number</u>	<u>Amount of Coverage</u>	<u>Expiration Date</u>
Liability (Premises Only)	First Financial Insurance Company	HGL0020721	General Aggregate - \$2,000,000 Occurrence - \$1,000,000 \$2,500 Deductible	February 19, 2010
Fidelity	Fidelity & Deposit Company	CCP1557386	\$25,000 to \$265,000	December 6, 2009
Property	Hanover Insurance Company	FH05941741	6444 Patey Road: Building - \$3,720,358 \$5,000 Deductible 4550 Reilly Street: Building - \$330,750 Contents - \$38,288 4729 Eugene Ware Road: Building - \$82,687 Contents - \$8,509 1135 Leavell Street: Contents - \$12,155	July 8, 2009

HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Morehouse Parish Sheriff
Bastrop, Louisiana

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Morehouse Parish Sheriff (the "Sheriff"), as of and for the year ended June 30, 2009, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated December 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Sheriff's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Sheriff's financial statements that is more than inconsequential will not be prevented or detected by the Sheriff's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2009-1, 2009-2, and 2009-3 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Sheriff's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, all of the significant deficiencies described above are considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2009-4 and 2009-5.

The Sheriff's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Sheriff's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, others within the organization, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by Louisiana Legislative Auditor as a public document.

/s/Hill, Inzina & Co.

December 21, 2009

MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
WITH MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION
For the Year Ended June 30, 2009

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Morehouse Parish Sheriff (the "Sheriff") as of and for the year ended June 30, 2009, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated December 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2009 resulted in a qualified opinion.

Section I - Summary of Auditor's Reports

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Internal Control

Significant Deficiencies ☒ Yes ☐ No

Material Weaknesses ☒ Yes ☐ No

Compliance

Material to Financial Statements ☒ Yes ☐ No

Section II - Financial Statement Findings

2009-1 Inadequate Controls Over the Preparation of Financial Statements (initially cited as of and for the year ended June 30, 2008)

Criteria: Management is required to prepare financial statements in accordance with generally accepted accounting principles and should have internal controls in place to prevent, detect, or correct a misstatement of those financial statements.

Condition: The following deficiencies were noted in controls over the preparation of financial statements:

1. The accounting records of the Inmate Commissary Fund were not maintained in a manner that would allow for the timely preparation of financial statements in accordance with generally accepted accounting principles. This deficiency resulted in the Inmate Commissary Fund being excluded from the financial statements for the year ended June 30, 2009.
2. Accounting personnel do not have the expertise to prepare financial statements and disclosures in accordance with generally accepted accounting principles.

Effect: Misstatements in the financial statements may occur and not be detected within a timely period.

Recommendation: We recommend that the accounting records of the Inmate Commissary Fund be maintained in a manner that allows for the timely preparation of financial statement in accordance with generally accepted accounting principles.

We also recommend that management make a determination as to whether the cost of correcting the deficiency concerning the expertise of accounting personnel exceeds the expected benefit to be derived from doing so.

Management's
response and
planned cor-
rective action:

Management is in the process of converting to a different accounting system. The current system will accurately maintain records but no reports are available through it.

2009-2 Inadequate Oversight of Funds Maintained Outside of Accounting Department (initially cited as of and for the year ended June 30, 2008)

Criteria: Management should have internal controls in place to prevent, detect, or correct a misstatement or error in the accounting records of funds maintained by employees of the Sheriff's office outside of the accounting department.

Condition: \$3,075 in total matching funds received from the City of Bastrop were not transferred to the NLDEB Fund as required by the grant agreement for the Multi-Jurisdictional Task Force grant and the interagency agreement between the Bastrop City Police Department and the Morehouse Parish Sheriff's Department for the year ended June 30, 2009. The required matching funds for the previous fiscal year were also not transferred as required.

Effect: Noncompliance with the agreements may occur and not be detected within a timely period.

Recommendation: We recommend that management review the accounting records of the NLDEB Fund on at least a quarterly basis to ensure that the accounting records are being properly maintained and in compliance with the agreements.

Management's response and planned corrective action: Management has sent a letter of request for these funds to the City of Bastrop.

2009-3 Improvement of Controls Over Expenditures/Disbursements (initially cited as of and for the year ended June 30, 2001)

Criteria: Management is responsible for establishing internal control policies and procedures that provide reasonable assurance that assets are safeguarded against loss resulting from unauthorized use and that transactions are executed in accordance with management's authorizations.

Condition: The following deficiencies were noted in controls over expenditures/disbursements:

1. Four out of 60 (7%) disbursements examined were not supported by original, detailed invoices or other adequate supporting documentation. All of these exceptions were disbursements of the Corrections Fund.
2. Ten out of 60 (17%) disbursements were not supported by properly prepared purchase requisitions as required by the purchasing policy. All of these exceptions were also disbursements of the Corrections Fund.

3. Use charges for exceeding plan minutes, text messaging, etc. were noted from review of telephone bills. It was also noted that the General Fund's cell phone expense increased approximately \$6,500 from the prior year's amount and has increased approximately \$25,000 over the last two fiscal years.
4. Fixed assets totaling \$131,501 purchased with a Homeland Security grant and \$23,241 purchased with an NLDEB grant that met the criteria for capitalization were not considered for inclusion on the capital asset listing as of June 30, 2009.

Effect: The failure to adhere to internal controls over cash disbursements could result in a loss of assets from unauthorized use or disposition or from transactions that are not in accordance with management's authorizations.

Recommendation: We recommend the following with regards to improving controls over expenditures/disbursements:

1. All disbursements should be supported by original, detailed invoices or other adequate supporting documentation.
2. Purchase requisitions should be properly prepared in accordance with established purchasing procedures and attached with the purchase order to the supporting invoice.
3. Management should establish a policy restricting the use of cell phones to minimize the related expense.
4. Invoices for purchases of fixed assets that meet the criteria for capitalization should be forwarded to the employee responsible for maintaining capital asset records.

Management's
response and
planned cor-
rective action:

We concur with the findings. Instructions to improve these will be relayed to the proper supervisors.

2009-4 Noncompliance with State Supplemental Pay Regulations

Criteria: Louisiana Revised Statute 33:2218.8 provides that deputy sheriffs must meet certain criteria in order to receive state supplemental pay. This criteria includes the requirement that deputy sheriffs hired after March 31, 1986 be employed to perform non-clerical, enforcement duties.

Condition: It was noted on the June 2009 state supplemental pay request that six clerical employees are receiving state supplemental pay.

Effect: The Sheriff is in violation of the state law.

Recommendation: We recommend that only those deputies that meet the criteria in Louisiana Revised Statute 33:2218.8 be included on the state supplemental pay requests.

Management's
response and
planned cor-

rective action: All post certified employees are called on at various times to assist in different law enforcement functions.

2009-5 Noncompliance with Requirements of Bond Resolution

Criteria: The bond resolution for the 1997 Revenue Refunding Bonds provides that the funds maintained in the reserve account be retained solely for the purpose of paying the principal of and interest on the bonds payable. The bond resolution also provides that the funds maintained in the depreciation and contingencies account be used for extensions, additions, improvements, renewals, and replacements necessary to properly operate the detention center or to pay the principal of and interest on the bonds payable if there are insufficient funds to do so; however, the balance in the depreciation and contingencies account may never be less than \$10,000.

Condition: During the year ended June 30, 2009, \$205,000 of the funds maintained in the Corrections Fund's reserve account were transferred to the General Fund to pay operating expenses. All of the \$200,000 previously maintained in the depreciation and contingencies account were also transferred to the General Fund during the year ended June 30, 2009 to pay operating expenses, leaving a zero balance in the depreciation and contingencies account.

Effect: The Sheriff is noncompliant with the provisions of the bond resolution.

Recommendation: We recommend that the Sheriff maintain the reserve account and depreciation and contingencies account in accordance with the provisions of the bond resolution.

Management's response and planned corrective action: Management is in the process of refunding the reserve account and depreciation and contingencies account.

**MOREHOUSE PARISH SHERIFF
BASTROP, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
As of and for the Year Ended June 30, 2009**

Section I - Financial Statement Findings

- | | | | |
|--------|--|--|------------------------------|
| 2008-1 | Inadequate Controls Over the
Preparation of Financial Statements | <p>Accounting records of the Inmate Commissary Fund should be maintained in a manner that allows for the timely preparation of financial statements in accordance with generally accepted accounting principles. Management should make a determination as to whether the cost of correcting the deficiency concerning the expertise of accounting personnel exceeds the expected benefit to be derived from doing so.</p> | Unresolved - 2009-1. |
| 2008-2 | Inadequate Oversight of Funds Maintained
Outside of Accounting Department | <p>Management should review the accounting records of the DARE Grant Fund and the NLDEB Fund on at least a quarterly basis to ensure that the accounting records are being properly maintained and in compliance with the agreements.</p> | Partially resolved - 2009-2. |
| 2008-3 | Inadequate Controls Over the Billing to Other
Agencies for the Feeding and Maintenance
of Prisoners | <p>Fees for services should be billed in a timely manner so that revenues are available to pay the costs of the services provided.</p> | Resolved. |

2008-4 Improvement of Controls Over
Expenditures/Disbursements

Disbursements should be adequately supported, purchase requisitions and purchase orders should be prepared in accordance with established purchasing procedures, management should establish a policy restricting the use of telephones, invoices should be paid in a timely manner, and invoices for purchases of fixed assets should be forwarded to the employee responsible for maintaining capital asset records.

Partially resolved - 2009-3.

Section II - Management Letter

None issued.